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Town of Florence
P.O. Box 2670
775 North Main Street
Florence, Arizona 85132

Phone (520) 868-7500
Fax (520) 868-7501
TDD (520) 868-7502

www.florenceaz.gov

TOWN SERVICES

Building Safety
868-7573

Community Development
868-7575

Finance
868-7624

Fire
868-7609

Grants
868-7513

Human Resources
868-7545

Library
868-8311

Municipal Court
868-7514

Parks & Recreation
868-7589

Police
868-7681

Public Works
868-7620

Senior Center
868-7622

Town Attorney
868-7557

Utility Billing
868-7680

Water/Wastewater
868-7677

March 19, 2014

Docket No. WS-02987A-13-0477

ORIGINAL

Dear Chairman Stump and Commissioners:

As the Town Manager of the Town of Florence, I wanted to write to you about the progress of the pending asset transfer. The Town has not formally intervened in the proceeding as of yet, but may still do so in the future. The negotiations with Johnson Utilities are proceeding and should be concluded in the near future. The Town Council will have a work session on March 26, 2014, regarding the purchase. Soon after, they will bring the documents to a Council meeting for formal consideration. As you are aware, the Town is holding an election on May 20, 2014, to obtain voter approval for the Town to purchase the assets of Johnson Utilities. Thus far, the reaction from our residents has been positive and we do not foresee any issue with the election. The timeframe is in place for the Town to take over the assets of the utility once the election results are ratified.

We have recently learned that the Commission has scheduled a hearing on the asset transfer for May 19-20, 2014. This is a great concern to the Town. Based upon what I have been told about your process, a late May hearing would not allow the matter to be heard by the Commissioners at an open meeting in the Town's current fiscal year, which ends June 30, 2014. This would put the Town in a position where the transaction would not close in the fiscal year in which the acquisition is budgeted. I believe we can all agree it is in the public interest for the Town to take over these assets. The Town would like to be the sole provider of water and sewer service within the town boundaries. Also, it is important for the future growth of the Town of Florence to be able control and plan the water supplies that will be needed. The Town of Florence will also have a more stabilizing force for customer issues and resolutions. As a final example of a public benefit, the Town currently charges a 5% franchise fee to all Johnson Utilities customers within the municipal boundaries. The minute the transaction closes, the rates will go down for those customers by 5%.

The Town respectfully requests that the Commission treat this transaction in the same manner that it recently treated our neighbors to the north. When the Town of Queen Creek purchased the assets of H2O Inc., there was no hearing. Likewise, we request that this matter proceed without a hearing so that an order approving the asset transfer may be considered by the Commission at its open meeting on May 13, 2014.

Respectfully,

Charles A. Montoya
Town Manager

cc: File

Arizona Corporation Commission

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DOCKET CONTROL

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